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REPORT

OF

THE AUDITOR-GENERAL

ON

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RORET SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KERICHO

15/1



RORET LEVEL 4 HOSPITAL

(Kericho County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Acronyms & Glossary of Terms

Provide a List of all acronyms and glossary of terms used in the preparation of this report e.g.

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
NHIF	National Hospital insurance fund
FIF	Facility Improvement Fund
AIE	Authority to incur expenditure
HMT	Hospital management team

2. Key Entity Information and Management

a. Background information

Roret Sub-County level 4 Hospital is a level 4 hospital and is domiciled in Kericho County, Bureti Sub-County under the Health Department. The hospital is governed by Health Management Team. The catchment area is averagely populated rural setting serving neighboring Sub-Counties such as Nyamira and Belgut, with an estimated population of over 150,000. We are a 31-bed capacity, Level 4, which serves the needs of the vast South Rift region and the country at large.

Roret Sub-County Level 4 hospital is a department of Health Primary Care Hospital. We offer 24-hour medical services. We provide compassionate and affordable health care services centred on quality and high ethical standards.

b. Principal Activities

The principal activity/mission/ mandate of the hospital is to ...

OUR VISION

To provide patient -centered healthcare with excellence in quality, service and access.

OUR MISSION

To provide high quality affordable and accessible health services.

OUR GOAL

To provide excellent health services to our clients by continually developing the leaders, motivating an empowered well-equipped workforce, mobilizing and diligently utilizing resources and harnessing health information for better management.

OUR CORE VALUES

These values shall guide our character and behaviour:

- Responsibility; We believe by taking ownership and commitment.
- Integrity: The quality of being honest and always having high moral principles.
- Accountability: willingness to explain and criticized for our own actions.

- Quality: Our focus on quality is immeasurable.
- Caring: We respect each other and care for the community where we live and work.

(a) Key Management

Roret sub-county Level 4 hospital management is under the following key organs:

- County health management team (Chmt)
- Hospital management Team (Hmt)
- Accounting Officer/ Medical Superintendent

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility.

No.	Designation	Name
1.	Medical Superintendent	Dr. Collins kirui
2.	Nursing Officer	Peter Rono
3.	Head of supply chain	Peter Cheruiyot
4.	Head of clinical services	Miriam Koskei
5.	Head of finance	Edwin Lelei

(c) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the county for the year ended 30th June 2025

i) The internal audit unit undertakes review of hospital expenditure, budgeting and revenue collection process to ensure compliance with the set standards in accounting and financial reporting.

ii). The county executive committee ensures smooth operations of the hospital by providing an enabling environment through proper governance.

3. Key Entity Information and Management

f. Entity Headquarters

Roret Sub-County Level 4 Hospital.
P.O Box 65-20204
Roret Town
Kericho- Kisii Road

g. Entity Contacts

Telephone: (+254) 020-2669737
E-mail: roretsubchospital@gmail.com

h. Entity Bankers

Kenya Commercial Bank (Kcb)
Kericho Branch
Account number: 1153068087
Account number :1337351571

i. Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

j. Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue

P.O. Box 40112
City Square 00200
Nairobi, Kenya

k. County Attorney

P.O. Box 112, 20200
Kericho, Kenya

4. The Board of Management

The board came on board during the last quarter of financial year hence didn't issue a report

5. Key Management Team

	Manager	Qualifications	Main area of responsibility
1.	Dr. Collins Kirui	Bachelor of Medicine and surgery	Aie Holder/ Medical superintendent
2.	Edwin Lelei	Bachelor of commerce	Head of Accounts
3.	Peter Cheruiyot	Bachelor of supply chain	Head of Supply chain
4.	Peter Rono	Bachelor of Nursing	Head of nursing
5.	Mercy Rono	Diploma in Pharmacy	Head of pharmacy
6.	Geoffrey Magut	Diploma in public health	Head of public health
7.	Daniel Mibei	Diploma in Laboratory	Head of laboratory
9.	Mirriam Koskei	Bachelor of clinical medicine	Head of clinical officers

6. Chairman’s Statement

The hospital did not have chairman’s statement since there is no board.

Report of the Medical Superintendent

Forward by the Medical Superintendent Roret Sub-County Level 4 Hospital.

Am humbly presenting financial statements of Roret Sub-County level 4 Hospital for the year ended 30th June 2025. The financial statements present the financial performance of the Hospital for the financial year 2024/2025.

The Hospital finances its operations through own generated revenue that is Facility Improvement Fund, income from National hospital insurance fund (Nhif) ,Social health insurance (Sha) and support from the Kericho County Government. The key local revenue sources for the Hospital are mainly user fees. The hospital continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps among others that the County has taken towards improving its revenue collections include automation of revenue collection system and introduction of cash less mode of payment.

The main activities in the last financial year at Roret Sub-County level 4 Hospital were mainly, provision of medical services which include consultation, laboratory services, radiology services, specialized clinic, Orthopaedic and trauma services, physiotherapy services, occupational therapy services, maternity services, antenatal services, post-natal services, minor surgery, CC Clinic.



.....
Name Dr. Collins Kirui
Medical Superitendant

7. Statement of Performance against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity's performance against predetermined objectives.

Roret sub-county level 4 hospital has strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Financing

Roret sub-county level 4 hospital annual revenue target was to collect ksh. **40,000,000**. Assessment of the HMT'S performance against its annual work plan is done on a quarterly basis. Roret sub-county level 4 hospital achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Enhance revenue collection	Increase in revenue in comparison with the previous financial year	Fully implementation of enterprise support system	During the financial year 2024/2025 the hospital collected a total of Ksh 50,409,433 on accrual basis of accounting method.

8. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our structures, procedures and processes are anchored on accountability, transparency, responsibility and fairness which are the tenets of good corporate governance.

9. Management Discussion and Analysis

Roret sub-county level 4 hospital manages to buy enough pharmaceuticals, non-pharmaceuticals, laboratory reagents, office stationeries, patients files, invoices, food rations, cleaning materials, and other required supplies.

we also manage to heed almost our target in terms of our revenue collection.

Hospital continues to provide a wide range of highly specialized healthcare services to its patients. The Specialized services include, specialized outpatient clinics, inpatient care, day care procedures for minor surgeries, and specialized accident and emergency that receives emergency. The hospital also provides clinical support services that include laboratory, Nutrition, pharmacy and radiology. The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, and effective. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints and shortage of staff. Our partners include Kenya Commercial Bank-Kericho Branch, National Health insurance Fund, Walter Reed/ Pepfar and local communities.

Clinical/operational performance

- Bed capacity of the hospital- Roret sub-county hospital has 46 bed capacity.
- Overall patient attendance during the year for both inpatient and outpatient – 17,573
- Accident and Emergency attendance 1506. The hospital has casualty with orthopaedics and trauma units and radiology units.
- Specialised clinic attendance 1475 patients. we have MOPC on every Tuesday.
- Average length of stay for in patient -between 3-10 days
- Bed occupancy rate -100 patients per week.
- Mortality rate 25. There are rare mortalities occurrence.
- Surgical theatre utilisation (number of operations over a period of time)-Theatre is operational.

Financial performance that includes

- Revenue sources,
- Utilisation of funds etc

Roret Sub-County Level 4 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

The Hospital revenue is mainly fee charged for services rendered. During the year under review, revenue available for spending was as follows.

S/NO.	DESCRIPTION	AMOUNT (KES)
1.	Cash/Fif revenue Collected within FY	3,250,326
2.	Transfers to C.r.f	1,024,077
3.	Total Fif Aie transfers AIE received for the year	3,128.851

10. Environmental and Sustainability Reporting

Roret sub-county level 4 hospitals exist to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

Environmental and sustainability.

Clean water and sanitation: Learning to avoid wasting water.

Climate action: Acting now to stop global warming.

Life below water: Avoiding the use of plastic bags to keep nearby rivers clean.

Life on land: Planting trees to help protect the environment increase oxygen supply.

Social Capital

Staff are encouraged and supported to continually build on their expertise and knowledge. The hospital invests in learning and development program for employees. These include courses on leadership, management and technical competencies relevant to each employee.

Market place practices

Responsible Supply chain and supplier relations

It is the policy of the hospital to pay suppliers on First in First out (FIFO) basis. This has enhanced good relationship with our suppliers who are ever ready to deliver goods on credit too easily.

There was no board of management during the financial year.

Principal activities

The principal activities of Roret sub-county hospital is to provide medical services to the patients and offer maternity services.

Results

The thousands of patients served are clear indication of the care, and support offered every day by the outstanding commitment of our staff. We are grateful to Roret Sub-County Hospital and the entire department of health of Kericho county government for the continued support towards realising the hospital's goals.

11. Report of the Board of Management

The hospital Board of management came on last quarter , during the financial year under review.

Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



.....
Name: DR COLLINS KIASI

Chairperson Health Management Team

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the chief officer to prepare financial statements in respect of Roret Sub County Hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital for that year/period. The chief officer is also required to ensure that Roret Sub County Hospital the keeps proper accounting records which disclose with reasonable accuracy the financial position of the Roret Sub County Hospital. The council members are also responsible for safeguarding the assets of the Roret Sub County Hospital

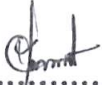
The chief officer is responsible for the preparation and presentation of the hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The chief officer accepts responsibility for the hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The chief officer is of the opinion that the Roret sub-county level 4 hospital financial statements give a true and fair view of the state of hospital transactions during the financial year ended June 30, 2025, and of the financial position as at that date. The chief officer further confirm the completeness of the accounting records maintained for the hospital which have been relied upon in the preparation of the hospital financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Hospital of management Team to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

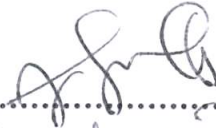
Approval of the financial statements

The Hospital's financial statements were approved by the Hospital of management Team on 25th August 2025 and signed on its behalf by:



.....
Name: Deonias Kiro,

Medical Superintendent



.....
Name: Dr. Chemjer Japhet

Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RORET SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KERICHO

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Roret Sub-County Level 4 Hospital - Kericho County Government set out on pages 1 to 35, which comprise of the

Report of the Auditor-General on Roret Level 4 Sub-County Hospital for the year ended 30 June, 2025 – County Government of Kericho

statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Roret Sub-County Level 4 Hospital - Kericho County Government as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inaccuracies.

1.1. Statement of Cash Flows

The statement of cash flows reflect cash and cash equivalents as at 30 June, 2025 of Kshs.5,412,989. However, the statement includes rendering services-medical services income of Kshs.32,321,305 instead of the re-computed correct amount of Kshs.44,041,664. The statement also reflects prior year adjustments of Kshs.9,174 which have not been supported.

1.2. Statement of Financial Position

The statement of financial position reflects property, plant and equipment balance of Kshs.6,440,581. However, Note 16 to the financial statements does not include net book value as at 30 June 2025 and the balance is, therefore, unsupported.

In the circumstance, the accuracy and completeness of cash and cash equivalent and property, plant and equipment balance of Kshs of Kshs.5,412,989 and Kshs.6,440,581, respectively, could not be confirmed.

2. Un-disclosed In-Kind Contributions from the County Government

The statement of financial performance and Note 6 to the financial statements reflect Kshs.3,128,851 in respect of revenue from non-exchange transactions. However, salaries and wages for Hospital's employees paid directly by the County Government, being in-kind contribution was not disclosed in the financial statements. Further, the payroll schedules and related support documents were not provided for audit verification.

In the circumstances, the accuracy and completeness of revenue from non-exchange transactions of Kshs.3,128,851 could be misstated.

3. Misstated Statement of Comparison of the Budget and Actual Amounts

The statement of comparison of budget and actual amounts shows actual total receipts of Kshs.35,450,156 while the re-cast total is Kshs.35,450,702. Further, the statement shows rendering of services-medical services income performance difference of Kshs3,675,695 while the re-computed difference is Kshs.3,678,149.

In addition, the total receipt performance difference is shown as Kshs.5,573,921 while the re-cast total is Kshs.5,573,375.

In the circumstances, the statement is misstated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Roret Sub-County Level 4 Hospital - Kericho County Government Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.41,024,077 and Kshs.35,450,702 after adjustment, respectively, resulting in an underfunding of Kshs.5,573,375 or 14% of the budget. Similarly, the Hospital expended Kshs.30,370,088 against actual receipts of Kshs.35,450,702 resulting in an under-absorption of Kshs.5,080,614 or 14% of the receipts.

The under-funding and under-absorption affected implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public

Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not included the issues under the Progress on Follow up of Auditor Recommendations or explained the failure to resolve the issues. This is contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the Other Information set out on page vi to xviii which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, Statement of Board of Management's Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Payments Without ETR Receipts

The statement of financial performance reflects medical costs of Kshs.20,054,843 which includes Kshs.3,261,491 paid for without electronic tax register receipts as required by the VAT Act, 2013.

In the circumstances, Management was in breach of the law.

2. Non - Compliance with Requirements of Universal Health Coverage

The Hospital had two (2) Medical Officers against the required six-teen (16), fourteen (14) Kenya Registered Community Health Nurses against the required seventy-five (75), no Gynecologist, General Surgeons, Pediatricians, and Anesthesiologist against the required two (2) for each position. Further, the Hospital lacked advanced life support, surgical, renal dialysis, functional intensive care unit beds, high dependency unit beds, mortuary & autopsy services and dialysis machines required for a level 4 Hospital. In addition, the Hospital had a bed capacity of thirty (30) against the required one hundred and fifty (150). These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, Management was in breach of the law.

3. Failure to Implement E-Procurement System

The Hospital incurred total expenditure of Kshs.29,926,786 during the year under review. However, review of the procurement records and processes revealed that the Hospital did not use the e-procurement system for its procurement processes. The Hospital, therefore, did not comply with the requirements of the Executive order number 2 of 2018.

Further, the Head of Public Service through Circular OP/CAB.6/2A on Transition to E-Procurement System required all entities to be registered by e-GP for seamless transition but the Hospital has not provided evidence to show compliance with the circular.

In the circumstances, Management was in breach of the law.

4.Lack of Hospital Management Board

Review of the Hospital records revealed that the County Executive Committee Member for Health had not appointed the Hospital Committee to oversee administration, promote the development, approve plans, programs and budget for the Hospital. This was contrary to section 9(1) of the Kericho County Health Services Act, 2021.

In the circumstances, Management was in breach of the law.

5. Non-compliance with Public Sector Reporting Standards

The annual report includes key management team on page ix with the name, qualifications and main area of responsibility. However, the passport size photographs have not been provided as required by the reporting template.

In the circumstances, Management was in breach of the law.

6. Failure to Charge Depreciation on Fixed Assets

The statement of financial position and Note 16 to the financial statements reflect Kshs.6,440,581 in respect to property, plant and equipment. However, depreciation was not charged on the assets and there was no depreciation policy disclosed in the financial statements, contrary to Paragraph 71 and 88 of IPSAS 17 which states, "depreciation of an asset begins when it is available for use and the financial statements shall disclose, for each class of property, plant and equipment recognized in the financial statements, the measurement basis, depreciation method and rate used"

In the circumstances, Management was in breach of the law.

7. Irregular Transfer of Facility Improvement Financing Funds

The statement of financial performance reflects revenue from exchange transactions, amount of Kshs.47,280,582 which includes Facility Improvement Financing Funds of Kshs.3,250,326 as disclosed in Note 7 to the financial statements. Out of the Facility Improvement Financing Funds of Kshs.3,250,326, the Hospital transferred Kshs.1,024,077 to County Revenue Fund contrary to Section 5(1) of The Facilities Improvement Financing Act, 2023 which states that there shall be retention of all monies raised or received by or on behalf of all public health facilities.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Incomplete Non-Current Assets Register

The statement of financial position and Note 16 to the financial statement reflect property, plant, and equipment balance of Kshs.6,440,581. However, Management did not

maintain an asset register in the prescribed format to support the values in the financial statements.

The asset register provided was incomplete and did not have information such as asset value, date of acquisition, acquisition cost, accumulated depreciation, current depreciation, net book value, tag number, supplier's name and the officer responsible for each asset. In addition, physical verification of the asset additions revealed that they were not tagged to confirm the ownership by the Hospital.

In the circumstances, the effectiveness of controls of the assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

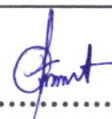
27 November, 2025

14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	
Revenue from non-exchange transactions			
Transfers from the County Government	6	3,128,851	4,691,294
In- kind contributions from the County Government			2,112,000
		3,128,851	6,803,294
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	47,280,582	21,418,736
Revenue from exchange transactions			21,418,736
Total revenue		50,409,433	28,222,030
Expenses			
Medical/Clinical costs	8	20,054,843	5,924,055
Employee costs		0	2,112,000
Repairs and maintenance	9	2,431,195	2,335,113
General expenses	10	6,416,671	4,784,538
Transfer to CRF	11	1,024,077	4,691,294
Total expenses		29,926,786	20,249,226
Other gains/(losses)			
Medical services contracts Gains/Losses(waivers)	12	-46,420	91,120
Total other gains/(losses)		-46,420	91,120
Net Surplus / (Deficit) for the year		20,436,227	7,881,684


.....
Chief Officer


.....
Head of Finance


.....
Medical Superintendent

ICPAK No: 16851

Health Services

*Roret sub-County Level 4 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

15. Statement of Financial Position as 30th June .2025

Assets		2024/2025	2023/2024
Current assets			
Cash and cash equivalents	13	5,412,989	323,747
Prepayments			
Receivables from exchange transactions	14	17,064,051	13,825,133
Receivables from non-exchange transactions			985,104
Inventories	15	12,456,423	2,587,734
Total Current Assets		34,933,463	17,721,718
Non-current assets			
Property, plant, and equipment	16	6,440,581	3,279,081
Intangible assets	17	1,350,000	1,350,000
Total Non-current Assets		7,790,581	4,629,081
Total assets (A)		42,724,044	22,350,799
Liabilities			
Current liabilities			
Trade and other payables	18	4,793,983	3,446,569
Total Current Liabilities		4,793,983	3,446,569
Non-current liabilities			
Total non-current liabilities			
Total Liabilities (B)		4,793,983	3,446,569
Net assets (A-B)		37,930,061	18,904,230
Represented by:			
Accumulated surplus/Deficit	9 ¹	37,930,061	17,493,834
Capital Fund			1,410,396
Net Assets		37,930,061	18,904,230

The Hospitals financial statements were approved by the Board on 27.08.2025

and signed on its behalf by;



CHIEF OFFICER
HEALTH SERVICES



HEAD OF FINANCE



MEDICAL SUPERINTENDENT

ICPAK No: 16851

16. Statement of Changes in Net Assets for The Year Ended 30 June 2025

Description	Accumulated surplus/Deficit	Capital Fund	Revaluation reserve	Total
As at July 1, 2023 (previous year)	9,612,150			9,612,150
Revaluation gain				
Surplus/(deficit) for the year	7,881,684	1,410,396		9,292,080
Capital/Development grants				
As at June 30, 2024 (previous year)	17,493,834	1,410,396		18,904,230
At July 1, 2024(current year)	17,493,834	1,410,396		18,904,230
Prior year adjustments		-1,410,396		-1,410,396
Surplus/(deficit) for the year	20,436,227			20,436,227
Capital/Development grants				0
At June 30, 2025 (current year)	37,930,061	-		37,930,061

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		3,128,851	3,706,190
Rendering of services-Medical Service Income		32,321,305	12,322,735
Total Receipts		35,450,156	16,028,925
Payments			
Medical/Clinical costs		15,298,976	3,409,952
Employee costs			
Repairs and maintenance		500,955	2,154,873
General expenses		10,439,089	4,434,538
Refunds paid-Transfer to Crf		1,024,077	4,691,294
Total Payments		27,263,097	14,690,657
Net cash flows from operating activities		8,187,059	1,338,268
Cash flows from investing activities			
Purchase of property, plant, equipment		3,106,991	1,410,356
Net cash flows used in investing activities		5,080,068	1,410,356
Cash flows from financing activities			
Proceeds from borrowings			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		5,080,068	(72,088.00)
Prior year adjustments		9,174	
Cash and cash equivalents as at 1 July		323,747	395,835
Cash and cash equivalents as at 30 June		5,412,989	323,747

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	performance difference	% of utilization on
	A	B	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year						%
Receipts						
Transfers from the County Government	5,024,077		5,024,077	3,128,851	1,895,226	80%
Rendering of services-Medical Service Income	36,000,000		36,000,000	32,321,851	3,675,695	89%
Total receipts	41,024,077		41,024,077	35,450,156	5,573,921	88%
Payments						
Medical/Clinical costs	18,000,000		18,000,000	15,298,976	2,701,024	84%
Purchase of P.p.e	9,200,000		9,200,000	3,106,991	6,093,009	33%
Repairs and maintenance	800,000		800,000	500,955	299,045	62%
Refunds Aie	1,024,077		1,024,077	1,024,077	0	100%
General expenses	12,000,000		12,000,000	10,439,089	1,560,911	86%
Total Operational Expenditure paid	41,024,077		41,024,077	30,370,088	10,653,989	73%
Capital Expenditure paid						
Surplus				5,080,068		

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	The facility didn't achieve Fif collection due low turnout of patients	871,149
2	Slight difference due to management stepping up efforts to increase revenue collection	3,675,695
3	Due to low turn up of patient's management saw it prudent not to purchase excess stocks	2,701,024
4	Management decided to postpone purchase of P.P.e to the next financial year	6,093,009
5	There were no notable breakages hence the difference	299,045
6	The management didn't raise enough funds hence not achieving	1,650,911
	Closing Cash and Cash Equivalent as per the statement of Cash flows	5,412,989

Notes to the Financial Statements

1. General Information

Roret Sub- County Level 4 hospital entity is established by and derives its authority and accountability from P.f.m Act 2012. The entity is wholly owned by the Kericho County Government and is domiciled in Kericho County in Kenya. The entity's principal activity is provision of healthcare.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's

net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Hmt On 28th August .2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

c. Taxes

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Notes to the Financial Statements (Continued)

d. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

Notes to the Financial Statements (Continued)

g. Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

h. Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements. (amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss („ECL“) associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates

and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

k. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

a. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

b. Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

c. Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

d. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. *(Entity to state the reserves maintained and appropriate policies adopted.)*

e. Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

f. Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

g. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are

translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

i. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

j. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

k. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than "whole-of-life" assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

n. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

o. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Roret sub-County Level 4 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Authority to incur Expenditure (AIE)		
AIE Received -Fif collection	3,128,851	4,691,294
Totals Transfer from county	3,128,851	4,691,294

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance*		Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the Year	Comparative Period
	KShs		KShs	KShs	KShs	KShs
Kericho County Government	3,128,851				3,128,851	4,691,294
Total	3,128,851				3,128,851	4,691,294

7. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Sha	23,922,654	21,418,736
Nhif	20,107,602	
Fif	3,250,326	
Total revenue from the rendering of Services	47,280,582	21,418,736

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8. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	2,804,796	670,933
Public health activities		
Food and Ration	2,718,887	1,308,568
Dressing and non-pharmaceuticals	6,669,297	2,715,678
Pharmaceutical supplies	5,705,315	1,683,061
Health information stationery	668,767	
Purchase of Medical gases	623,701	
X-Ray/Radiology supplies	864,080	
Total medical/ clinical costs	20,054,843	5,924,055

9. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	500,000	679,100
Medical equipment		1,018,555
Servicing and Maintenance of generator	357,332	
Computers and accessories		280,086
Motor vehicle expenses		357,372
Maintenance of civil works	1,573,824	
Total repairs and maintenance	2,431,195	2,335,113

10. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank charges	58,864	
Contracted services	563,453	
Electricity expenses	766,548	1,197,412
Fuel and Lubricants	2,527,276	1,661,944
Travel and accommodation allowance	976,050	1,534,779
Courier and postal services	114,362	
Printing and stationery	478,996	330,404
Internet expenses	140,000	60,000
Staff T-shirts	295,122	
Staff training and development	422,000	
Subscriptions to professional bodies	74,000	
Total General Expenses	6,416,671	4,784,538

Roret sub-County Level 4 Hospital (Kericho County Government)
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11. Transfers to CRF Account

Description	2024/2025	2023/2024
	KShs	KShs
Conditional grants		
User fee/Fif collection	1,024,077	3,921,735
Total government grants and subsidies	1,024,077	3,921,735

12. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	KShs	KShs
Waivers and Exemptions	46,420	91,120
Total Gain/Loss	46,420	91,120

13. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	5,412,989	323,747
Total cash and cash equivalents	5,412,989	323,747

Notes to the Financial Statements (Continued)

(a). Detailed Analysis of Cash and Cash Equivalents

Description		2024/2025	2023/2024
Financial institution	Account Number	KShs	KShs
a) Current account			
Kenya Commercial bank	1337351571	261,822	323,747
Kenya Commercial bank	1153068087	5,151,167	
Sub- total		5,412,989	
Grand total		5,412,989	323,747

14. Receivables From Exchange Transaction

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	17,064,051	13,825,123
Total receivables	17,064,051	13,825,123

Analysis of Receivables from Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	17,064,051	%	13,825,123	%

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Total (a+b)	17,064,051	%	13,825,123	%
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15. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	750,292	1,100,000
Maintenance supplies	204,500	487,734
Food supplies	741,426	
Non-Pharmaceuticals	6,000,750	
Linen and clothing supplies	1,630,647	
Cleaning materials supplies	42,000	
General supplies	3,086,808	1000,000
Total	12,456,423	2,587,734

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	2,587,734	2,587,734
Additional Inventory in the year	9,868,605	
Closing balance	12,456,339	2,587,734

16. Property, Plant and Equipment

Description	ICT Equipment	Plant and medical equipment	Furniture and Fittings	Capi tal Wor k in prog ress	Total
	Ksh	Ksh		Ksh	Ksh
Cost					
At 1 July 2023 (previous year)	2,903,281	375,800			3,279,081
Additions	1,410,356				1,410,356
Transfers/adjustments					
At 30th Jun 2024	2,903,281	375,800			3,279,081
At 1 July 2024 (current year)	2,903,281	375,800			3,279,081
Additions	832,500	905,000	1,424,000		3,106,991
Net book values					
At 30 th Jun 2023 (previous)	2,903,281	375,800			3,268,173
At 30 th Jun 2024 (current)	3,735,781	1,280,800	1,424,000		6,440,581

17. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
Cost		
At beginning of the year	1,350,000	1,350,000
Additions		
At end of the year	1,350,000	1,350,000
NBV	1,350,000	1,350,000

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18. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	4,793,983		3,446,569	
Total trade and other payables				
Ageing analysis:		% of the Total	Compa rative FY	% of the total
Under one year	4,793,983	%		%
Total	4,793,983	%	3,446,569	%

20. Cash Generated from Operations

Description	2024/2025		2023/2024	
	KShs		KShs	
Surplus for the year before tax	20,436,227			
Adjusted for:				
Depreciation				
Non-cash grants received				
Impairment				
Gains and losses on disposal of assets				
Contribution to provisions				
Contribution to impairment allowance				
Working Capital adjustments				
Increase in inventory	3,915,044			
Increase in receivables	4,561,916			
Increase in deferred income				
Increase in payables	1,347,414			
Increase in payments received in advance				
Net cash flow from operating activities	8,187,059			

Notes to the Financial Statements (Continued)

1. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements (Continued)

2. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

3. Ultimate and Holding Entity

The entity is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Kericho.

4. Currency

The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.

1. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.



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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.

- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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Accounting Officer

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity Kericho County Government

Name of Beneficiary entity..... Roret Sub-County level 4 Hospital

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	15.10.2024	3,128,851		3,128,851	Disbursed on time
Total				3,128,851	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name ... Edwin Kariuki Sign [Signature] Date 25.11.2025